



FACTS ABOUT RELIGIOUS, CHURCH AND WELFARE EXEMPTIONS

Religious exemptions are available to religious organizations that own property and exclusively use the property to conduct worship services and other related religious activities (i.e. church operated schools, bible studies, weddings, etc.).

The annual filing period is lien date (January 1) through February 15.

If another church uses the owner-operated church for worship services, the outside operator church must apply for the religious exemption. If any other outside use is allowed on the property, the owner church will also need to file a welfare exemption claim.

First-time religious exemption claimants need to submit:

- Religious exemption claim form
- Copy of certified articles of incorporation
- Tax letter designating non-profit status
- Property use report if outside use is allowed (see Welfare Exemptions and Outside Use)

Once eligibility for the religious exemption has been granted, there is a simplified filing process and no penalty for late-filing.

Church exemptions are available to religious organizations who rent, lease, or own property and conduct worship services on the property. The annual filing period is lien date (January 1) through February 15.

First-time church exemption claimants need to submit:

- Church exemption claim form
- Copy of certified articles of incorporation
- Tax letter designating non-profit status
- Lessor needs to file a Lessor's Exemption Claim form [Note: The annual filing period is lien date (January 1) through February 15.]
- Copy of lease agreement - The lease should indicate that the church is responsible for paying the property taxes. If it does not, documentation must be provided to show that the church is benefiting from the tax exemption by a reduction in the rent.
- Property use report if outside use is allowed (outside use may jeopardize the exemption)

It may be more beneficial for organizations that own their property to file a religious exemption.

Welfare exemptions are available to non-profit organizations that are religious, hospital, scientific, or charitable in nature, and:

- own their own property (real or personal) and exclusively use the property for exempt purposes.
- use exempt property owned by another welfare exemption claimant.
- use government-owned property.

First-time welfare exemption claimants need to submit a claim form and a copy of their Organizational Clearance Certificate issued by the State Board of Equalization to the Assessor's office. If an organization does not have an Organizational Clearance Certificate, submit a claim for welfare exemption (first filing) form to the Assessor's office to establish timely filing and call the State Board of Equalization at (916) 445-3524, or go to the website at www.boe.ca.gov to request an Organizational Clearance Certificate claim form. However, no exemption will be allowed until a copy of the Organizational Clearance Certificate is sent to the Assessor's office.

Once eligibility for a welfare exemption has been established for a given site, there is a simplified filing process. The annual filing period is lien date (January 1) through February 15.

OUTSIDE USE

Exemption claimants allowing outside organizations to use their property may need to fulfill certain filing requirements in order to avoid jeopardizing their exemption.

Requirements include:

- The "outside operator" must be organized as non-profit and charitable.
- The owner must file and qualify for a welfare exemption.
- Any "outside operator" using the property **more than once a week** must file a complete welfare exemption claim.
- Any "outside operator" using the property **once a week or less** must provide:
 - 1) A letter indicating they are exempt under Internal Revenue Code 501(c)(3) or 501(c)(4) or State Franchise Tax Code 23701(d), 23701(f), or 23701(w). [If the tax letter is for the national or state organization, we need proof that the local chapter is an affiliate.]
 - 2) A copy of federal income tax returns if the operator is required to file them.
 - 3) The name and telephone number of a contact person.
- Any "outside operator" using the property **fewer than three times a year** has no filing requirements.

| Outside Use Filing Requirements | | |
|--------------------------------------|-------------------------|--|
| Frequency of Use by Outside Operator | Owner Needs to File | Operator Needs to File |
| More than once a week | Welfare Exemption Claim | Welfare Exemption Claim |
| Once a week or less | Welfare Exemption Claim | Tax letter designating non-profit status, income tax returns, contact person |
| Fewer than three times per year | Welfare Exemption Claim | Nothing |

NON - QUALIFYING USE

Not all property owned or used by non-profit organizations qualifies for property tax exemption.

Common reasons that a property, or a portion of a property, **does not** qualify for exemption:

- No exempt activity on lien date (January 1).
- Living quarters that are not institutionally necessary, such as rental properties, some parsonages, etc.
- Vacant, unused, excess land (generally the intent to use at a later date does not qualify).
- For-profit groups using the property.
- Outside groups not meeting the filing requirements.
- Areas not exclusively used for exempt activity.
- Property primarily used for fund raising.
- Thrift stores (unless they are part of a planned, formal rehabilitation program).

Property where construction has not commenced as of lien date.

NEW ACQUISITION

When a property is newly acquired, non-profit organizations may be eligible for exemption on supplemental assessments and on a prorated portion of the assessment for the fiscal year in which it was acquired. To be eligible, exempt activity or new construction immediately followed by exempt activity must begin within 90 days after the date of acquisition. Claim forms must be timely filed (see Filing Deadlines).

FILING DEADLINES

To be eligible for a full exemption:

- Annual claims must be filed by Feb. 15.
- Generally, for supplemental assessment claims, existing claimants must file and be eligible for the exemption by the next succeeding lien date, and new claimants must file and be eligible for the exemption within 30 days of the supplemental notice.
- Prorated assessment claims must be filed within 90 days from the 1st day of the next succeeding lien date.

A late-filing penalty, not to exceed \$250, will be applied to claims received after the deadline.

This information is a synopsis of the religious, church and welfare exemptions guidelines. You may call the Assessor's Office for more specific information.
The information on these pages reflect California assessment/taxation laws in effect January 1, 2004.